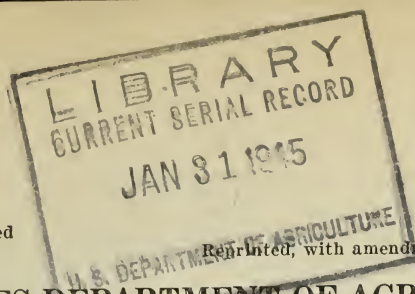


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# UNITED STATES DEPARTMENT OF AGRICULTURE WAR FOOD ADMINISTRATION

OFFICE OF DISTRIBUTION

SERVICE AND REGULATORY ANNOUNCEMENTS NO. 126, REVISED<sup>1</sup>

## REGULATIONS FOR COTTON WAREHOUSES

Issued by the War Food Administrator Under the United States Warehouse Act of August 11, 1916, as Amended

(Title 7, Ch. I, Pt. 101, of the Code of Federal Regulations)

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<sup>1</sup> This announcement was originally issued as Service and Regulatory Announcements No. 126 of the Bureau of Agricultural Economics. The administration of these regulations is now a function of the Office of Distribution of the War Food Administration.

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Pursuant to the provisions of the United States Warehouse Act, approved August 11, 1916 (39 Stat. 486: 7 U. S. C. 241-273), as amended, and by virtue of the authority vested in the War Food Administrator by Executive Order 9334, dated April 19, 1943 (8 F. R. 5423), Title 7, Chapter I, Part 101, Code of Federal Regulations, is amended to read as follows:

## DEFINITIONS

**101.1 Meaning of words.**—Words used in these regulations in the singular form shall be deemed to import the plural, and vice versa, as the case may demand.

**101.2 Terms defined.**—For the purpose of these regulations, unless the context otherwise require, the following terms shall be construed, respectively, to mean:

(a) *The act.*—The United States Warehouse Act, approved August 11, 1916 (39 U. S. Stat. at L. pp. 446, 486), as amended by acts of Congress approved July 24, 1919, February 23, 1923, and March 2, 1931.

(b) *Person.*—An individual, corporation, partnership, or two or more persons having a joint or common interest.

(c) *Secretary.*—The War Food Administrator of the United States or such officer as may hereafter be authorized to exercise the powers and to perform the functions of the War Food Administrator.

(d) *Chief of Bureau.*—Director of Distribution, War Food Administration, or any officer or employee of the War Food Administration to whom the Director of Distribution has heretofore lawfully delegated, or to whom he may hereafter lawfully delegate, the authority to act in his stead.

(e) *Designated representative.*—The Director of Distribution, War Food Administration, or any officer or employee of the War Food Administration to whom the Director of Distribution has heretofore lawfully delegated, or to whom he may hereafter lawfully delegate, the authority to act in his stead.

(f) *Regulations.*—Rules and regulations made under the act by the Secretary.

(g) *Department.*—War Food Administration, United States Department of Agriculture.

(h) *Bureau.*—Office of Distribution, War Food Administration.

(i) *Linters.*—As far as applicable these regulations shall include linters.

(j) *Warehouse.*—Any building, structure, or other protected inclosure in which cotton is or may be stored for interstate or foreign commerce, or, if located within any place under the exclusive jurisdiction of the United States, in which cotton is or may be stored.

(k) *Warehouseman.*—A person lawfully engaged in the business of storing cotton.

(l) *License.*—A license issued under the act by the Secretary.

(m) *Licensed warehouseman.*—A warehouseman licensed as such under the act.

(n) *Licensed warehouse.*—A warehouse for the conduct of which a license has been issued.

(o) *Licensed warehouseman's bond.*—A bond required to be given under the act by a licensed warehouseman.

(p) *Licensed classifier.*—A person licensed under the act to classify according to grade or otherwise and certificate the grade or other class of cotton.



(q) *Licensed weigher*.—A person licensed under the act to weigh and certificate the weight of cotton.

(r) *Cotton examiner*.—An officer of the Department of Agriculture designated by the Chief of the Bureau for the purpose of hearing cotton appeals under sections 101.75 to 101.85.

(s) *Receipt*.—A warehouse receipt.

(t) *Bale*.—A bale or other package.

(u) *State*.—A State, Territory, or District of the United States.

(v) *Licensed sampler*.—A person, employed by a licensed warehouseman, licensed under the act to draw samples from cotton stored in the licensed warehouse at which such person is employed.

## WAREHOUSE LICENSES

**101.3 Application forms.**—Applications for licenses under sections 4 and 9 of the act and for amendments of licenses under section 5 of the act shall be made to the Secretary upon forms prescribed for the purpose and furnished by the Bureau, shall be in English, shall truly state the information therein contained, and shall be signed by the applicant. The applicant shall at any time furnish such additional information as the Secretary or the Chief of the Bureau shall find to be necessary to the consideration of his application.

**101.4 Grounds for not issuing license.**—A license for the conduct of a warehouse shall not be issued if it be found by the Secretary, or his designated representative, that the warehouse is not suitable for the proper storage of cotton, that the warehouseman is incompetent to conduct such warehouse in accordance with the act and these regulations, or that there is any other sufficient reason within the intent of the act for not issuing such license.

**101.5 Net assets required.**—Any warehouseman conducting a warehouse licensed or for which application for license has been made, shall have and maintain above all exemptions and liabilities net assets liable for the payment of any indebtedness arising from the conduct of the warehouse, to the extent of at least \$5 per bale of the maximum number of bales that the warehouse will accommodate when stored in the manner customary to the warehouse as determined by the Chief of the Bureau, except that the amount of such assets shall not be less than \$5,000, and need not be more than \$100,000. In case such warehouseman has applied for licenses to conduct two or more warehouses in the same State, the assets applicable to all of which shall be subject to the liabilities of each, such warehouses shall be deemed to be one warehouse for the purposes of the assets required under this section. For the purposes of this section only, paid-in capital stock, as such, shall not be considered a liability. Any deficiency in the required net assets may be supplied by an increase in the amount of the warehouseman's bond in accordance with paragraph (b) of section 101.12.

**101.6 License shall be posted.**—Immediately upon receipt of his license or of any modification or extension thereof under the act, the warehouseman shall post the same, and thereafter, except as otherwise provided in these regulations, keep it posted, until suspended or terminated, in a conspicuous place in the principal office where receipts issued by the warehouseman are delivered to depositors.

**101.7 Suspension or revocation of warehouse licenses.**—Pending investigation, the Secretary, or his designated representative, whenever he deems necessary, may suspend a warehouseman's license temporarily without hearing. Upon written request and a satisfactory statement of reasons therefor, submitted by a warehouseman, the Secretary, or his designated representative, may, without hearing, suspend or cancel the license issued to such warehouseman. The Secretary, or his designated representative, may, after opportunity for hearing has been afforded in the manner prescribed in this section, revoke a license issued to a warehouseman, when such warehouseman (a) is bankrupt or insolvent; (b) has parted, in whole or in part, with his control over the licensed warehouse; (c) is in process of dissolution or has been dissolved; (d) has ceased to conduct such licensed warehouse; or (e) has in any other manner become nonexistent or incompetent or incapacitated to conduct the business of the warehouse. Whenever any of the conditions mentioned in subdivisions (a) to (e) of this section shall come into existence, it shall be the duty of the warehouseman to notify immediately the Chief of the Bureau of the existing condition. Before a license is revoked for any violation of, or failure to comply with, any provision of the act or of these regulations, or upon the ground that unreasonable or exorbitant charges have been made for services rendered, the warehouseman involved shall be furnished by the Secretary, or his designated representative, a written statement specifying

the charges and shall be allowed a reasonable time within which he may answer the same in writing and apply for a hearing, an opportunity for which shall be afforded in accordance with section 101.89.

**101.8 Return of suspended or revoked warehouse license.**—In case a license issued to a warehouseman terminates or is suspended or revoked, by the Secretary, or his designated representative, such license shall be returned to the Secretary. At the expiration of any period of suspension of such license, unless it be in the meantime revoked, the dates of the beginning and termination of the suspension shall be indorsed thereon, it shall be returned to the warehouseman to whom it was originally issued, and it shall be posted as prescribed in section 101.6 of this regulation; or in the discretion of the Chief of the Bureau a new license may be issued.

**101.9 Lost or destroyed warehouse license.**—Upon satisfactory proof of the loss or destruction of a license issued to a warehouseman, a duplicate thereof may be issued under the same number.

**101.10 Unlicensed warehousemen must not represent themselves as licensed.**—No warehouse or its warehouseman shall be designated as licensed under the act and no name or description conveying the impression that it or he is so licensed shall be used, either in a receipt or otherwise, unless such warehouseman holds an unsuspended and unrevoked license for the conduct of such warehouse.

#### WAREHOUSE BONDS

**101.11 Time of filing.**—Unless the warehouseman has previously filed with the Secretary the bond required by section 101.12, he shall file such bond within a time, if any specified by the Secretary, or his designated representative, said bond to cover all obligations arising thereunder during the period of the license.

**101.12 Basis of amount of bond; additional amounts.**—(a) Exclusive of any amount which may be added in accordance with paragraphs (b) and (c) of this section, the amount of such bond shall be at the rate of \$5 per bale of the maximum number of bales that the warehouse will accommodate when stored in the manner customary to the warehouse for which such bond is required, as determined by the Chief of the Bureau, but not less than \$5,000 nor more than \$50,000. In case a warehouseman has applied for licenses to conduct two or more warehouses in the same State, the assets applicable to all of which shall be subject to the liabilities of each, and shall desire to give a single bond meeting the requirements of the act and these regulations for the said warehouses, such warehouses shall be deemed to be one warehouse for the purposes of the bond required under this regulation.

(b) In case of a deficiency in net assets under section 101.5, there shall be added to the amount of the bond determined in accordance with paragraph (a) of this section an amount equal to such deficiency.

(c) In case the Secretary, or his designated representative, finds the existence of conditions warranting such action, there shall be added to the amount determined in accordance with paragraphs (a) and (b) of this section a further amount fixed by him, to meet such conditions.

**101.13 Amendment to license.**—In case an application is made under section 101.3 for an amendment to a license and no bond previously filed by the warehouseman under this regulation covers obligations arising under such amendment, the warehouseman shall, when notice has been given by the Secretary, or his designated representative, that such amendment will be granted upon compliance by such warehouseman with the act, file with the Secretary, within a time, if any, fixed in such notice, a bond complying with the act. In the discretion of the Secretary, a properly executed instrument in form approved by him, amending, extending, or continuing in force and effect the obligations of a valid bond previously filed by the warehouseman and otherwise complying with the act and these regulations may be filed in lieu of a new bond.

**101.14 New bond required each year.**—Whenever a license has been issued for a period longer than 1 year, such license shall not be effective beyond 1 year from its effective date unless the warehouseman shall have filed a new bond in the required amount with, and such bond shall have been approved by, the Secretary, or his designated representative, prior to the date on which said license would have expired had it been issued for but 1 year, subject to the provisions of section 101.13.

**101.15 Approval of bond.**—No bond, amendment, or continuation thereof shall be accepted for the purposes of the act and these regulations until it has been approved by the Secretary, or his designated representative.



## WAREHOUSE RECEIPTS

**101.16 Form.**—(a) Every receipt, whether negotiable or nonnegotiable, issued for cotton stored in a licensed warehouse shall, in addition to complying with the requirements of section 18 of the act, embody within its written or printed terms the following: (1) The name of the licensed warehouseman and the designation, if any, of the warehouse; (2) the license number of the warehouse; (3) a statement whether the warehouseman is incorporated or unincorporated, and, if incorporated, under what laws; (4) in the event the relationship existing between the warehouseman and any depositor is not that of strictly disinterested custodianship, a statement setting forth the actual relationship; (5) the tag number given to each bale of cotton in accordance with section 101.31; (6) a statement conspicuously placed, whether or not the cotton is insured, and, if insured, to what extent, by the warehouseman, against loss by fire and lightning; (7) the words "Not negotiable," or "Negotiable," according to the nature of the receipt clearly and conspicuously printed or stamped thereon; and (8) a blank space designated for the purpose in which the length of staple may be stated.

(b) Except as to warehouse receipts issued prior to August 30, 1944, or when an expiration date authorized by the Department is shown on the face of the receipt, every negotiable receipt issued for cotton stored in a licensed warehouse shall be effective until surrendered for delivery of the cotton, and every non-negotiable receipt shall be effective until surrendered for delivery of the cotton or until all cotton covered by the receipt has been delivered in response to proper delivery orders of the person rightfully entitled to the cotton: *Provided*, That nothing herein contained shall prohibit a warehouseman from legally selling the cotton when his accrued storage and other charges approach the current market value of the cotton.

(c) Every negotiable receipt issued for cotton stored in a licensed warehouse shall, in addition to complying with the requirements of paragraphs (a) and (b) of this section, embody within its written or printed terms the following: (1) If the cotton covered by such receipt was classified by a licensed classifier or weighed by a licensed weigher, a statement to that effect, and (2) a form of indorsement which may be used by the depositor, or his authorized agent, for showing the ownership of, and liens, mortgages, or other encumbrances on, the cotton covered by the receipt.

(d) Whenever the grade or other class of the cotton is required to be, or is, stated in a receipt issued for cotton stored in a licensed warehouse, such grade or other class shall be stated in the receipt in accordance with sections 101.68 to 101.74 as far as applicable.

(e) If a warehouseman issue a receipt omitting the statement of grade on request of the depositor, such receipt shall have clearly and conspicuously stamped or written on the face thereof the words "Not graded on request of depositor."

(f) If licensed receipts are issued covering linters such receipts shall be clearly and conspicuously marked "Linters," and all references to cotton shall be eliminated effectively from the receipts.

(g) If a warehouseman issue a receipt under the act omitting any information not required to be stated, for which a blank space is provided in the form of the receipt, a line shall be drawn through such space to show that such omission has been made by the warehouseman.

**101.17 Copies of receipts.**—If copies are made of receipts, all such copies, except those issued in lieu of the original in case of lost or destroyed receipts, shall have clearly and conspicuously printed or stamped thereon the words "Copy—Not Negotiable." If copies are not made then skeleton copies bearing the same numbers as the corresponding original receipts shall be made, but such skeleton copies need not be marked "Copy—Not Negotiable."

**101.18 Lost or destroyed receipts; bond.**—(a) In the case of a lost or destroyed receipt a new receipt upon the same terms, subject to the same conditions, and bearing on its face the number and the date of the receipt in lieu of which it is issued and a plain and conspicuous statement that it is a duplicate issued in lieu of a lost or destroyed receipt, may be issued upon compliance with the conditions set out in paragraph (b) of this section.

(b) Before issuing such new or duplicate receipt the warehouseman shall require the depositor or other person applying therefor to make and file with the warehouseman (1) an affidavit showing that he is lawfully entitled to the possession of the original receipt, that he has not negotiated or assigned it, how the original receipt was lost or destroyed, and, if lost, that diligent effort has been

made to find the receipt without success and (2), a bond in an amount double the value, at the time the bond is given, of the cotton represented by the lost or destroyed receipt. Such bond shall be in a form approved for the purpose by the Secretary, or his designated representative, shall be conditioned to indemnify the warehouseman against any loss sustained by reason of the issuance of such receipt, and shall have as surety thereon preferably a surety company which is authorized to do business, and is subject to service of process in a suit on the bond, in the State in which the warehouse is located, or at least two individuals who are residents of such State and each of whom owns real property therein having a value, in excess of all exemptions and encumbrances, equal to the amount of the bond.

**101.19 Printing of receipts.**—No receipt shall be issued by a licensed warehouseman except it be (a) in form prescribed by the Chief of the Bureau, (b) upon distinctive paper specified by him, (c) printed by a printer with whom the United States has a subsisting contract and bond for such printing, and (d) on paper manufactured by and procured from a manufacturer with whom the United States has a subsisting contract and bond for the manufacture of such paper.

**101.20 Partial delivery of cotton.**—If a warehouseman deliver a part only of a lot of cotton for which he has issued a negotiable receipt under the act, he shall take up and cancel such receipt and issue a new receipt in accordance with these regulations for the undelivered portion of the cotton.

**101.21 Return of receipts before delivery of cotton.**—Except as permitted by law or by these regulations, a warehouseman shall not deliver cotton for which he has issued a negotiable receipt under the act until such receipt has been returned to him and canceled; and shall not deliver cotton for which he has issued a nonnegotiable receipt until such receipt has been returned to him or he has obtained from the person lawfully entitled to such delivery or his authorized agent a written delivery order, properly signed, specifying by bale or tag number each bale to be delivered from any receipt or receipts. Before delivering, or upon delivery of, all the cotton covered by a nonnegotiable warehouse receipt, the warehouseman may require the surrender of the receipt. For the purpose of these regulations, return of a receipt to a warehouseman means surrender of the receipt to the warehouseman at his office in the city or town in which the cotton is stored.

**101.22 Omission of grade; no compulsion by warehouseman.**—No licensed warehouseman shall, directly or indirectly by any means whatsoever, compel or attempt to compel the depositor of any cotton in his warehouse to request the issuance of a receipt omitting the statement of grade.

## DUTIES OF LICENSED WAREHOUSEMAN

**101.23 Insurance; requirements.**—(a) When requested in writing by the depositor of cotton in a licensed warehouse, or by the holder of the receipt covering such cotton, to insure such cotton against loss or damage by fire, lightning, and/or flood, each licensed warehouseman shall secure in his own name such insurance under reporting forms of policies which automatically attach for the full value of such cotton, including daily changes of value through market fluctuations and changes in the quantity of such product from day to day, as soon as such cotton is placed in his legal custody, and he shall continue such insurance in effect so long as the cotton remains in his legal custody. Such insurance shall be covered by lawful policies issued by one or more insurance companies. Each warehouseman insuring cotton under the provisions of this section shall submit such reports to underwriters as may be required under the terms of such policies, and copies of such reports shall be submitted to the Department as it may require. If the warehouseman is unable to procure insurance to the extent requested, he shall, orally or by telegraph or by telephone, and at his own expense, immediately notify the person making the request of such fact. When insurance is not carried in the warehouseman's name, the receipt shall show that the cotton is not insured by the warehouseman. Nothing in this section shall be construed to prevent a licensed warehouseman from adopting a rule that he will insure all cotton stored in his warehouse, but if he elects to insure he shall accomplish such insurance through policies as above specified.

(b) Each warehouseman shall keep exposed conspicuously in the place prescribed by section 101.6, and at such other place as the Chief of the Bureau or his representative may from time to time designate, a notice, stating briefly the conditions under which the cotton will be insured against loss or damage by fire, lightning, and/or flood.



**101.24 Premiums; inspections; reports.**—Each warehouseman shall, in accordance with his contracts with insurance and bonding companies for the purpose of meeting the insurance and bonding requirements of these regulations, pay such premiums, permit such reasonable inspections and examinations, and make such reasonable reports as may be provided for in such contracts.

**101.25 Warehouseman to collect and pay over insurance.**—Each warehouseman shall promptly take such steps as may be necessary and proper to collect any moneys which may become due under contracts of insurance entered into by him for the purpose of meeting the requirements of these regulations, and shall, as soon as collected, promptly pay over to the persons concerned any portion of such moneys which they may be entitled to receive from him.

**101.26 Care of cotton in licensed warehouse.**—Each warehouseman shall at all times exercise such care in regard to cotton in his custody as a reasonably careful owner would exercise under the same circumstances and conditions.

**101.27 Care of other cotton and other commodities.**—If, at any time, a warehouseman shall handle or store cotton otherwise than as a licensed warehouseman, or shall handle or store any other commodity, he shall so protect the same, and otherwise exercise such care with respect to it, as not to endanger the cotton in his custody as a licensed warehouseman or impair his ability to meet his obligations and perform his duties under the act and these regulations. Non-licensed cotton shall be kept separate from licensed cotton.

**101.28 Records to be kept in safe place.**—Each warehouseman shall provide a metal fireproof safe, a fireproof vault, or a fireproof compartment in which he shall keep, when not in actual use, all records, books, and papers pertaining to the licensed warehouse, including his current receipt book, copies of receipts issued and canceled receipts, except that with the written consent of the Chief of the Bureau or his representative, upon a showing by such warehouseman that it is not practicable to provide such fireproof safe, vault, or compartment, he may keep such records, books, and papers in some other place of safety, approved by the Chief of the Bureau or his representative. All canceled receipts shall be arranged by the warehouseman in numerical order as soon as possible after their cancelation and shall be preserved in numerical order thereafter.

**101.29 Warehouse charges.**—A licensed warehouseman shall not make any unreasonable, exorbitant, or discriminatory charge for services rendered. Before a license to conduct a warehouse is granted under the act, the warehouseman shall file with the Department a copy of his rules, if any, and a schedule of the charges to be made by him if licensed. Effective at the beginning of any cotton season, a licensed warehouseman may change his rate of charges for storage and other services, and the new rates may apply to all cotton then in storage as well as cotton received thereafter. At or before the beginning of each season every licensed warehouseman shall file with the Department a copy of his rules, if any, and of his schedule of charges for the ensuing year. Should a licensed warehouseman wish to make changes in his rates to become effective at any time other than at the beginning of a season, he shall file with the Department an amended schedule showing the contemplated changes, accompanied by a statement, if requested by the Department, setting forth the reasons therefor. No increase shown in such an amended schedule shall apply to cotton in storage at the time the changes become effective, except that any change made under authority of any Federal price control legislation may apply to cotton already in storage: *Provided, however,* That no increase made under such authority shall apply to cotton then in storage unless notice that such increase might be made has been entered on the face of the warehouse receipt. A licensed warehouseman may demand payment of all accrued charges at the close of each cotton season. If, upon demand, the owner of the cotton refuses to pay such charges at the end of a season, the warehouseman may take such action to enforce collection of his charges as is permitted by the laws of the State in which the warehouse is located. Each licensed warehouseman shall keep a copy of his current rules and schedule of charges exposed conspicuously in the place prescribed by section 101.6, and at such other place accessible to the public as the Secretary or his designated representative may from time to time designate. For the purposes of this regulation the cotton season shall commence on August 1 of each year and end on July 31 of the following year.

**101.30 Business hours.**—(a) Each licensed warehouse shall be kept open for the purpose of receiving cotton for storage and delivering cotton out of storage every business day for a period of not less than 6 hours between the hours of 8 a. m. and 6 p. m., except as provided in paragraph (b) of this section. The

warehouseman shall keep conspicuously posted on the door of the public entrance to his office and to his warehouse a notice showing the hours during which the warehouse will be kept open, except when such warehouse is kept open continuously from 8 a. m. to 6 p. m.

(b) In case the warehouse is not to be kept open as required by paragraph (a) of this section, the notice posted as prescribed in that paragraph shall state the period during which the warehouse is to be closed and the name of an accessible person, with the address where he is to be found, who shall be authorized to deliver cotton stored in such warehouse, upon lawful demand by the depositor thereof or the holder of the receipt therefor, as the case may be.

**101.31 Numbered tags to be attached to bales.**—Each warehouseman shall, upon acceptance of any bale of cotton for storage, immediately attach thereto a numbered tag of good quality which shall identify the bale. Such tag either shall be made of reasonably heavy waterproof paper or linen, with reinforced eyelet or eyelets, and be attached to the bale with a flexible, rustproof wire, or shall be made of such other material and attached by such other means as shall be approved by the Chief of the Bureau or his representative. The tags shall be attached in numerical sequence or any series of sequence clearly distinguishable from each other.

**101.32 Arrangement of stored cotton.**—(a) Each warehouseman shall store each bale of cotton for which a receipt under the act has been issued so that the tag thereon, required by section 101.31 is visible and readily accessible, except as provided in paragraph (b) of this section, and shall arrange all other cotton in his licensed warehouse so as to permit an accurate check thereof.

(b) If any licensed warehouseman is tendered for storage cotton of same grade and staple and in such quantity by any one depositor that efficiency of operation dictates that such cotton should be stored in lots without reference to visibility of all tags on all bales within any lot, the warehouseman may store such cotton of same grade and staple belonging to the same depositor in lots of not less than 25 bales nor more than 200 bales: *Provided, however,* That each bale entering into the lot must bear an individual identification tag, and each lot must be so stored that the number of bales within the lot may be accurately determined.

An identification card or tag shall be attached by the warehouseman to each lot of cotton which shall show the lot number and the number of bales in the lot. The warehouseman shall also maintain an office record showing bale or tag number of each bale in the lot and the location of the lot in the warehouse. Each lot shall be so arranged as to be readily distinguishable from each and every other lot. When requested by a proper representative of the Department of Agriculture engaged in making an examination of the warehouse, the warehouseman shall tear or break down at his own expense such stacks or lots of cotton as the examiner deems necessary to a proper examination. Before any warehouseman undertakes to store in accordance with this section he shall submit a statement setting forth (1) his reasons for desiring to avail himself of this section and (2) the plan of storage he proposes to follow, and he shall secure prior permission from the Secretary or his designated representative to practice such method of storage.

**101.33 System of accounts.**—Each warehouseman shall use for his licensed warehouse a system of accounts, approved for the purpose by the Bureau, which shall show for each bale of cotton the tag number mentioned in section 101.31, its weight, its class when its class is required to be, or is ascertained, its location, the dates received for and delivered out of storage, and the receipts issued and canceled, and such accounts shall include a detailed record of all moneys received and disbursed and of all effective insurance policies.

**101.34 Reports.**—Each licensed warehouseman shall, from time to time, when requested by the Chief of the Bureau, or his representative, make such reports, on forms prescribed and furnished for the purpose by the Bureau, concerning the condition, contents, operation, and business of the warehouse as the Chief of the Bureau may require.

**101.35 Canceled receipts; auditing.**—Each warehouseman, when requested by the Bureau, shall forward his canceled receipts for auditing to such field offices of the Bureau as may be designated from time to time. For the purposes of this section, only such portion as the Bureau may designate of each canceled receipt, numbered to correspond with the actual receipt number, need be submitted.



**101.36 Copies of reports to be kept.**—Each warehouseman shall keep on file, as a part of the records of the warehouse, for such period as may be prescribed by the Chief of the Bureau for each kind of report, an exact copy of each such report submitted by such warehouseman under this regulation.

**101.37 Inspections and examinations of warehouses.**—Each licensed warehouseman shall permit any officer or agent of the Department, authorized by the Secretary for the purpose, to enter and inspect or examine, on any business day during the usual hours of business, any warehouse for the conduct of which such warehouseman holds a license, the office thereof, the books, records, papers, and accounts relating thereto, and the contents thereof, and such warehouseman shall furnish such officer or agent, when he so requests, the assistance necessary to enable him to make any inspection or examination under this section.

**101.38 Weighing apparatus.**—The weighing apparatus used for ascertaining the weight stated in a receipt or certificate, issued for cotton stored in a licensed warehouse, shall be subject to examination by any officer or agent of the Department designated by the Chief of the Bureau for the purpose. If the Bureau shall disapprove such weighing apparatus, it shall not thereafter, unless such disapproval be withdrawn, be used in ascertaining the weight of any cotton for the purposes of the act and these regulations.

**101.39 Loose cotton.**—Each warehouseman shall keep his warehouse reasonably free of loose cotton, except in a space or container separate and apart from other cotton.

**101.40 Excess storage.**—If at any time a warehouseman shall store cotton in his licensed warehouse in excess of the capacity thereof determined in accordance with section 101.12 (a), such warehouseman shall so arrange the cotton as not to obstruct free access thereto and the proper use of sprinkler or other fire protection equipment provided for such warehouse, and shall immediately notify the Chief of the Bureau of such excess storage and arrangement thereof.

**101.41 Removal of cotton from storage.**—Except as may be permitted by law or these regulations, a warehouseman shall not remove any cotton, for storage from the licensed warehouse or a part thereof designated in the receipt for such cotton, if by such removal the insurance thereon will be impaired, without first obtaining the consent in writing of the holder of the receipt, and indorsing on such receipt the fact of such removal. Under no other circumstances, unless it becomes absolutely necessary to protect the interests of holders of receipts, shall cotton be removed from the warehouse, and immediately upon any such removal the warehouseman shall notify the Chief of the Bureau of such removal and the necessity therefor.

**101.42 Storage of wet and fire-damaged cotton.**—A warehouseman shall not place any bale of cotton that is excessively wet in contact with any other cotton in the licensed warehouse. A warehouseman shall not store in the same compartment with cotton that has not been damaged by fire any cotton that has been damaged by fire until the risk of fire therein has passed and the fire-damaged cotton has been removed from the bale, and then he shall not store it in contact with cotton that has not been so damaged.

**101.43 Cotton handling; storage; injuries.**—A warehouseman shall not handle or store cotton in such manner as will injure or damage it, or in any part of the warehouse in which it is likely to be injured or damaged by excessive moisture, or otherwise.

**101.44 Fire loss to be reported by wire.**—If at any time a fire shall occur at or within any licensed warehouse, it shall be the duty of the warehouseman to report immediately by wire to the Chief of the Bureau the occurrence of such fire and the extent of damage.

**101.45 Signatures on receipts to be filed with Department.**—Each warehouseman shall file with the Department the name and genuine signature of each person authorized to sign warehouse receipts for the licensed warehouseman, and shall promptly notify the Department of any changes as to persons authorized to sign, and shall file signatures of such persons.

**101.46 Signs on field warehouses.**—(a) Every warehouseman operating a "field" or "custodian" warehouse shall, during the life of his license, display and maintain appropriate signs on the licensed warehouse, both on the inside and on the exterior walls of the warehouse, and particularly on doors and usual places of entry, in such manner as will ordinarily be calculated to give the public correct notice of his tenancy of all buildings or parts thereof included in his license.



(b) Such signs shall be of such size and design as to readily attract the attention of the public and shall include the following: (1) The name and license number of the licensee, (2) the name of the warehouse, (3) whether the warehouseman is owner or lessee, and (4) the words "Public Warehouse."

(c) Such other wording or lettering may appear in the sign or signs not inconsistent with the purpose of the act and these regulations, subject to the approval of the Bureau.

(d) Immediately upon the expiration or suspension or revocation of a license all signs required under this section shall be removed from the warehouse.

(e) No sign other than that required by this section shall remain on a licensed warehouse.

**101.47 Certificates to be filed with warehouseman.**—When a grade or weight certificate has been issued by a licensed grader or weigher, a copy of such certificate shall be filed with the warehouseman in whose warehouse the cotton covered by such certificate is stored, and such certificates shall become a part of the records of the licensed warehouseman.

**101.48 Drawing of samples.**—Each warehouseman shall have in his employ at all times one or more licensed samplers whose duty it shall be to draw samples from any cotton stored in the licensed warehouse if the owner of such cotton or any person having a legal right to have such cotton sampled requests that samples be drawn. When directed by the Chief of Bureau such requests shall be in writing. Such samplers shall perform their duties under the sole supervision and at the direction of the licensed warehouseman and the samples shall be drawn in accordance with section 101.72.

**101.49 Samples; drawing and marking; how.**—All samples drawn from cotton stored in a licensed warehouse shall be drawn by licensed samplers in the employ of the licensed warehouseman except when such service is performed by cotton exchange inspection bureaus in accordance with the regulations of the Secretary under the Cotton Futures Act of August 11, 1916 (39 Stat. 476; 26 U. S. C. 1090-1106), as amended, and the Cotton Standards Act of March 4, 1923 (42 Stat. 1517; 7 U. S. C. 51-65), as amended. Each sample shall be appropriately marked to show the tag number of the bale of cotton from which it was drawn, the date of sampling, and the license number of the sampler. A record of the sampling, including the written request, if any, of the owner of the cotton or the person having a legal right to have such cotton sampled, shall be kept by the licensed warehouseman as a part of the warehouse records.

## FEES

**101.50 Warehouse license fees.**—There shall be charged, assessed, and collected a fee of \$10 for each warehouseman's license or any amendment thereto, and a fee of \$3 for each license or amended license issued to a sampler, classifier, and/or weigher.

**101.51 Warehouse inspection fees.**—There shall be charged, assessed, and collected for each original examination or inspection of a warehouse under the act, when such examination or inspection is made upon application of a warehouseman, a fee at the rate of \$10 for each 1,000 bales of the storage capacity, or fraction thereof, determined in accordance with section 101.12 (a), but in no case less than \$10 nor more than \$200, and, for each reexamination or reinspection applied for by such warehouseman, a fee, based on the extent of the reexamination or reinspection, proportioned to, but not greater than, that prescribed for the original examination or inspection.

**101.52 Advance deposit.**—Before any warehouseman's license or amendment thereto, or any sampler's, classifier's and/or weigher's license is granted, or an original examination or inspection, or reexamination or reinspection, applied for by a warehouseman, is made, pursuant to these regulations, the warehouseman, sampler, classifier, and/or weigher, shall deposit with the Bureau the amount of the fee prescribed therefor. Such deposit shall be made in the form of a check, certified if required by the Bureau, draft, or post office or express money order, payable to the order of the Treasurer of the United States.

**101.53 Return of excess deposit.**—The Treasurer of the United States shall hold in his custody each advance deposit made under section 101.52 until the fee, if any, is assessed and he is furnished by the Bureau with a statement showing the amount thereof and against whom assessed. Any part of such advance deposit which is not required for the payment of any fee assessed shall be returned to the party depositing the same.

## LICENSED SAMPLERS, CLASSIFIERS, AND WEIGHERS

**101.54 Sampler's, classifier's, and weigher's applications.**—(a) Applications for licenses to sample, classify, and/or weigh cotton under section 11 of the act shall be made to the Chief of the Bureau on forms furnished for the purpose by him.

(b) Each such application shall be in English, shall be signed by the applicant, shall be verified by him under oath or affirmation administered by a duly authorized officer, and shall contain or be accompanied by (1) the name and location of a warehouse or warehouses licensed, or for which application for license has been made, under the act, in which cotton sought to be sampled, classified, and/or weighed under such license is or may be stored; (2) a statement from the warehouseman conducting such warehouse showing whether or not the applicant is competent and is acceptable to such warehouseman for the purpose; (3) satisfactory evidence that he is competent to sample, classify, and/or weigh cotton; (4) a statement by the applicant that he agrees to comply with and abide by the terms of the act and these regulations so far as the same may relate to him; and (5) such other information as the Chief of the Bureau may deem necessary: *Provided*, That when an application for a license to classify cotton is filed by a person who does not intend to classify cotton for any particular licensed warehouseman but who does intend to classify cotton stored or to be stored in a licensed warehouse and to issue class certificates therefor, as provided for by the act and these regulations, independent of the warehouse receipts issued to cover such cotton, it shall not be necessary to furnish such statement as is required by subdivision (2) of this paragraph.

(c) For the purpose of classifying cotton under these regulations, each licensed classifier who holds an unsuspended or unrevoked license under the Cotton Standards Act of March 4, 1923, and regulations thereunder to classify cotton and certificate the grade thereof shall be deemed competent and a license may be issued to him under the United States Warehouse Act upon furnishing the information required by paragraph (b) of this section except subdivision (3).

(d) The applicant shall at any time furnish such additional information as the Secretary, or his designated representative, shall find to be necessary to the consideration of his application.

(e) A single application may be made by any person for a license as a sampler, classifier, and weigher upon complying with all the requirements of this section.

**101.55 Examination of applicant.**—Each applicant for a license as a sampler, classifier, and/or weigher and each licensed sampler, classifier, and/or weigher shall, whenever requested by an authorized agent of the Department designated by the Chief of the Bureau for the purpose, submit to an examination or test to show his ability to properly sample, classify, or weigh cotton, as the case may be, and shall also make available for inspection copies of the standards of classification or the weighing apparatus, as the case may be, used or to be used by him.

**101.56 Posting of license.**—Each licensed classifier shall keep his license conspicuously posted in the office where all or most of the classifying is done, and each licensed sampler and/or weigher shall keep his license conspicuously posted in the warehouse office or in such place as may be designated for the purpose by a representative of the Bureau.

**101.57 Duties of sampler, classifier, and/or weigher.**—Each licensed sampler, classifier, and/or weigher, when requested, shall, without discrimination, as soon as practicable, and upon reasonable terms, sample, classify, and/or weigh and deliver the sample or certificate, the class and/or weight of cotton stored or to be stored in a licensed warehouse for which he holds a license, if such cotton be offered to him under such conditions as permit proper sampling or inspection and the determination of the class or weight thereof: *Provided*, That all cotton shall be sampled by a licensed sampler at the direction and under the supervision of the licensed warehouseman, except as permitted by section 101.49. Each such licensed sampler, classifier, and/or weigher shall give preference to persons who request his services as such over persons who request his services in any other capacity. No class certificate or weight certificate shall be issued under the act for cotton not stored or not to be stored in a licensed warehouse, nor shall cotton not stored in a licensed warehouse be sampled by a licensed sampler acting as such.

**101.58 Class certificates; form.**—(a) Each class certificate issued under the act by a licensed classifier shall be in a form approved for the purpose by the Chief of the Bureau, and shall embody within its written or printed terms (1) the caption "Cotton class certificate"; (2) whether it is an original, a duplicate, or other



copy; (3) the name and location of the licensed warehouse in which the cotton is or is to be stored; (4) the date of the certificate; (5) the location of the cotton at the time of classification; (6) the identification of each bale of cotton by the tag number given to the bale in accordance with section 101.31, or if there be no such tag number by other marks or numbers; (7) the grade or other class, except length of staple, of each bale of cotton covered by the certificate, in accordance with sections 101.68 to 101.74 as far as applicable, and the standard or description in accordance with which the classification is made; (8) a blank space designated for the purpose in which the length of staple may be stated; (9) that the certificate is issued by a licensed classifier under the United States Warehouse Act and regulations thereunder; and (10) the signature of the licensed classifier. In addition, the class certificate may include any other matter not inconsistent with the act or these regulations, provided the approval of the Bureau is first secured.

(b) Class certificates issued under the Cotton Standards Act of March 4, 1923 (42 Stat. 1517; 7 U. S. C. 51-65), shall be deemed sufficient for the purposes of the Warehouse Act and these regulations, provided the person issuing such certificates holds unsuspended and unrevoked licenses under both the Cotton Standards Act and the Warehouse Act.

**101.59 Weight certificates; form.**—Each weight certificate issued under the act by a licensed weigher shall be in a form approved for the purpose by the Chief of the Bureau, and shall embody within its written or printed terms (a) the caption "Cotton weight certificate"; (b) whether it is an original, a duplicate, or other copy; (c) the name and location of the licensed warehouse in which the cotton is or is to be stored; (d) the date of the certificate; (e) the location of the cotton at the time of weighing; (f) the identification of each bale of cotton by the tag number given to the bale in accordance with section 101.31, or if there be no such tag number by other marks or numbers; (g) the gross weight of the cotton and, if the cotton be excessively wet or otherwise of a condition materially affecting its weight, a statement of such fact to which may be added the weigher's estimate of the number of pounds which should be allowed for such condition; (h) that the certificate is issued by a licensed weigher under the United States Warehouse Act and the regulations thereunder; and (i) the signature of such licensed weigher. In addition, the weight certificate may include any other matter not inconsistent with the act or these regulations, provided the approval of the Bureau is first secured.

**101.60 Combined class and weight certificates.**—The class and weight of any cotton, ascertained by a licensed classifier and a licensed weigher, may be stated on a certificate meeting the combined requirements of sections 101.58 and 101.59, if the form of such certificate shall have been approved for the purpose by the Chief of the Bureau.

**101.61 Copies of certificates to be kept.**—Each licensed classifier and each licensed weigher shall keep for a period of 1 year in a place accessible to interested persons a copy of each certificate issued by him under these regulations and shall file a copy of each such certificate with the warehouse in which the cotton covered by the certificate is stored.

**101.62 Licensees to permit and assist in inspection.**—Each licensed sampler, classifier, and/or weigher shall permit any officer or agent of the Department authorized by the Secretary for the purpose, to inspect or examine, on any business day during the usual hours of business, his books, papers, records, and accounts relating to the performance of his duties under the act and these regulations, and shall, with the consent of the licensed warehouseman concerned, assist any such officer or agent in the inspection or examination mentioned in section 101.37, as far as any such inspection or examination relates to the performance of the duties of such licensed sampler, classifier, and/or weigher under the act and these regulations.

**101.63 Reports.**—Each licensed sampler, classifier, and/or weigher shall, from time to time, when requested by the Chief of the Bureau, make reports, on forms furnished for the purpose by the Bureau, bearing upon his activities as such licensed sampler, classifier, and/or weigher.

**101.64 Licenses; suspension or revocation.**—Pending investigation, the Secretary or his designated representative, may, whenever he deems necessary, suspend the license of a sampler, classifier, and/or weigher temporarily without hearing. Upon a written request and a satisfactory statement of reasons therefor, submitted by a licensed sampler, classifier, and/or weigher, the Secretary, or his designated representative, may, without hearing, suspend or revoke the license issued to such licensed sampler, classifier, and/or weigher. The Secretary, or his designated representative, may, after opportunity for hearing has been afforded



in the manner prescribed in this section suspend or revoke a license issued to a licensed sampler, classifier, and/or weigher when such licensed sampler, classifier, and/or weigher (a) has ceased to perform services as such sampler, classifier, and/or weigher, or (b) has in any other manner become incompetent or incapacitated to perform the duties of such licensed sampler, classifier, and/or weigher. As soon as it shall come to the attention of a licensed warehouseman that any of the conditions mentioned under (a) or (b) exist, it shall be the duty of such warehouseman to notify, in writing, the Chief of the Bureau. Before the license of any licensed sampler, classifier, and/or weigher is suspended or revoked pursuant to section 12 of the act, such licensed sampler, classifier, and/or weigher shall be furnished by the Secretary, or by his designated representative, a written statement specifying the charges and shall be allowed a reasonable time within which he may answer the same in writing and apply for a hearing, an opportunity for which shall be afforded in accordance with section 101.89.

**101.65 Suspended or revoked licenses; return; termination of license.**—(a) In case a license issued to a sampler, classifier, and/or weigher is suspended or revoked by the Secretary, or his designated representative, such license shall be returned to the Secretary. At the expiration of any period of suspension of such license, unless in the meantime it be revoked, the dates of the beginning and termination of the suspension shall be endorsed thereon, and it shall be returned to the licensed sampler, classifier, and/or weigher to whom it was originally issued, and it shall be posted as prescribed in section 101.56.

(b) Any license issued, under the act and these regulations, to a sampler, classifier, and/or weigher shall automatically terminate as to any warehouse whenever the license of such warehouse shall be revoked or canceled. Thereupon the license of such sampler, classifier, and/or weigher shall be returned to the Secretary. In case such license shall apply to other warehouses, the Secretary, or his designated representative, shall issue to him a new license, omitting the names of the warehouses covering which licenses have been revoked. Such new license shall be posted as prescribed in section 101.56.

**101.66 Lost or destroyed licenses.**—Upon satisfactory proof of the loss or destruction of a license issued to a licensed sampler, classifier, and/or weigher, a duplicate thereof may be issued under the same number.

**101.67 Unlicensed classifiers and weighers.**—No person shall in any way represent himself to be a sampler, classifier, and/or weigher licensed under the act unless he holds an unsuspended and unrevoked license issued under the act.

## COTTON CLASSIFICATION

**101.68 Statement of class.**—Whenever the grade or other class of cotton is required to be, or is, stated for the purpose of the act or these regulations it shall be stated in accordance with this regulation, as far as applicable.

**101.69 Official cotton standards of the United States.**—The official cotton standards of the United States, established and promulgated under the United States Cotton Standards Act of March 4, 1923 (42 Stat. 1517; 7 U. S. C. 51–56), within their scope, are hereby adopted as the official cotton standards for the purposes of the act and these regulations.

**101.70 Defective cotton; designation; terms defined.**—(a) Cotton that (1) because of the presence of extraneous matter of any character or irregularities or defects, is reduced in value below that of Good Ordinary, (2) is below the grade of Good Ordinary, (3) is below the grade of Low Middling, if tinged, (4) is below the grade of Middling, if stained, (5) is linters, (6) is less than seven-eighths of an inch in length of staple, (7) is of perished staple, (8) is of immature staple, (9) is gin cut, (10) is reginned, (11) is repacked, (12) is false packed, (13) is mixed packed, or (14) is water packed, shall be designated as such. In the case of subdivision (1) of this paragraph the particular extraneous matter or irregularities or defects shall be stated.

(b) If cotton be reduced in value, by reason of the presence of extraneous matter of any character or irregularities or defects, below its grade according to the official cotton standards of the United States, except when the cotton is of a quality or condition specified in paragraph (a) of this section, the grade to the value of which it is so reduced and the quality or condition which so reduces its value shall be determined and stated.

(c) For the purposes of this section, the following terms shall be construed, respectively, to mean—

**Cotton of perished staple.**—Cotton that has had the strength of fiber as ordinarily found in cotton destroyed or unduly reduced through exposure to the

weather either before picking or after baling, or through heating by fire, or on account of water packing, or by other causes.

*Cotton of immature staple.*—Cotton that has been picked and baled before the fiber has reached a normal state of maturity, resulting in a weakened staple of inferior value.

*Gin-cut cotton.*—Cotton that shows damage in ginning, through cutting by the saws, to an extent that reduces its value more than two grades.

*Reginned cotton.*—Cotton that has passed through the ginning process more than once and cotton that, after having been ginned, has been subjected to a cleaning process and then baled.

*Repacked cotton.*—Cotton that is composed of factors', brokers' or other samples, or of loose or miscellaneous lots collected and rebaled.

*False packed cotton.*—Cotton in a bale (1) containing substances entirely foreign to cotton, (2) containing damaged cotton in the interior with or without any indication of such damage upon the exterior, (3) composed of good cotton upon the exterior and decidedly inferior cotton in the interior in such manner as not to be detected by customary examination—that is, a plated bale—or (4) containing pickings or linters worked into the bale.

*Mixed packed cotton.*—Cotton in a bale which shows a difference of more than two grades between samples drawn from the heads and the top and bottom sides of the bale, or which shows a difference in color exceeding two grades in value between such samples.

*Water packed cotton.*—Cotton in a bale that has been penetrated by water during the baling process, causing damage to the fiber, or a bale that through exposure to the weather or by other means, while apparently dry on the exterior, has been damaged by water in the interior.

**101.71 Class based on inspection and sample.**—Whenever the grade or other class of cotton is required to be, or is, stated by a warehouseman or a classifier for the purposes of the act or these regulations, it shall be based upon a careful inspection of and a sample properly drawn from the cotton.

**101.72 Samples.**—No sample taken from a bale of cotton of the square type shall be deemed to be properly drawn for the purposes of these regulations unless it be composed of cotton drawn by the customary methods from both sides of the bale and weigh not less than 4 ounces, except that, in any State where provision is made by law for the taking of representative samples at the gin, samples complying with such law may, in the discretion of the Secretary, or his designated representative, be used in determining the grade or other class of the cotton from which such samples were taken.

**101.73 Class to be based on low side.**—In case the cotton drawn from one portion of a bale is lower in class than that drawn from another portion of the bale, except as otherwise provided by these regulations, the class assigned to the bale shall be that of the cotton taken from the portion showing the lower class.

**101.74 Access to official cotton standards.**—Each licensed warehouseman and each licensed classifier shall keep himself provided with, or have access to, a set of practical forms of the official cotton standards of the United States, or such parts thereof as the Chief of the Bureau may deem necessary for use in the locality in which the licensed warehouse is located.

## COTTON APPEALS

**101.75 Who may appeal.**—Whenever the grade or other class of cotton, for which official cotton standards of the United States are in effect, is stated on a receipt or a cotton class certificate issued under the act and these regulations, and a question arises as to the true grade or other class of such cotton, any person having an interest in the cotton may take an appeal for the determination of such question.

**101.76 Complaint.**—In order to take such an appeal a complaint in writing in accordance with section 101.77 shall be filed with a duly authorized cotton examiner or a board of cotton examiners, or with the Chief of the Bureau who shall designate a cotton examiner or a board of cotton examiners for the purpose of disposing of such complaint.

**101.77 Contents of complaint.**—Such complaint shall be in English and shall state (a) the name and post-office address of the complainant and the nature of his interest in the cotton, (b) the name and post-office address of the holder of the receipt, if he be not the complainant, and of any other interested party, (c) the name and location of the licensed warehouse in which the cotton is stored,



the tag number assigned to each bale of cotton involved in the appeal in accordance with section 101.31, the grade or other class assigned to such cotton by the licensed warehouseman, and the date of the receipt issued therefor, (d) the grade or other class assigned by the licensed classifier, if any, (e) the grade or other class, different from that assigned by the licensed warehouseman, which is contended for by any interested party, (f) whether, within complainant's knowledge, any appeal involving the same cotton previously has been taken, and if so, an appropriate identification of such other appeal, (g) if samples have been agreed upon and are submitted in accordance with section 101.79 (b), a statement thereof. The complainant shall file with his complaint, when practicable, or before the issuance of the cotton appeal certificate, in the appeal, the warehouse receipt or class certificate, if any, covering the cotton involved in the appeal. When such receipt or certificate is not filed a definite statement indicating why such papers are not produced shall be filed.

**101.78 Proof of agent's authority.**—In case a complaint is filed under sections 101.75 to 101.77 by a person purporting to act in behalf of another person, the Chief of the Bureau, or the cotton examiner or the board of cotton examiners with whom it was filed, may, if considered necessary, require proof of the authority of such person to file the complaint.

**101.79 Determination of appeals; samples.**—(a) Appeals taken under these regulations shall be determined upon the basis of samples of the cotton involved which have been drawn and submitted in accordance with this section.

(b) The complainant may submit samples of the cotton involved which have been agreed upon by the licensed warehouseman in whose warehouse the cotton is stored and the interested parties other than such warehouseman, or have been drawn by a disinterested person selected for the purpose by the warehouseman and such parties. Such samples, when drawn from cotton to which section 101.72 applies, shall be drawn in accordance with said section.

(c) If samples which have been submitted pursuant to paragraph (b) of this section be deemed unsatisfactory, the cotton examiner or board of cotton examiners by whom the appeal is heard or the Chief of the Bureau may require the submission of new samples in accordance with said paragraph (b).

(d) In case samples are not submitted in accordance with paragraph (b) or (c) of this section, the Chief of the Bureau, the cotton examiner, or board of cotton examiners by whom the appeal is heard may dismiss the appeal as provided in section 101.80, or samples may be drawn from the cotton involved by a cotton examiner or by a disinterested person designated for the purpose by the cotton examiner or the board of cotton examiners by whom the appeal is heard or by the Chief of the Bureau, and the complainant shall cause the cotton to be made accessible for the purpose of drawing such samples.

**101.80 Dismissal of appeals.**—The Chief of the Bureau or the cotton examiner or board of cotton examiners by whom an appeal is heard may dismiss such appeal upon request of the complainant, or for noncompliance with these regulations, or if it be found that the appeal was not taken in good faith. In case of an appeal filed in the first instance with a cotton examiner, a dismissal upon request of the complainant shall be made only before notice of grade or other class as provided in section 101.81 is issued.

**101.81 Cotton appeal certificate.**—When an appeal filed with a board of cotton examiners has been determined, it shall immediately issue a cotton appeal certificate. When an appeal has been determined by a cotton examiner, he shall issue a notice, a copy of which shall be sent by him to all parties shown by the record of the appeal to have an interest therein. In such notice the grade or other class assigned by him to the cotton involved in the appeal shall be stated, and any such interested party shall have a reasonable time, fixed in such notice, within which he may request of the Chief of the Bureau a review of the appeal by a board of cotton examiners. In case such request is not filed with such cotton examiner in the time fixed therefor, or in case within such time every such interested party waives in writing a review by a board of cotton examiners, the cotton examiner shall immediately issue a cotton-appeal certificate showing the grade or other class assigned to the cotton by him. In case a request under this section for a review of an appeal is filed within the time fixed for the filing of such request, the cotton examiner shall note in his records the time of such filing and shall immediately notify the Chief of the Bureau, who shall cause the appeal to be reviewed and a cotton-appeal certificate issued showing the grade or other class assigned upon such review. Immediately upon the issuance of a cotton-appeal certificate under this section the original thereof, together with any receipt covering such cotton filed in the appeal, shall be sent to the licensed



warehouseman concerned, and a copy shall be sent to each other person shown by the record of the appeal to be interested therein.

**101.82 Expenses paid by complainant.**—All expenses for the transmission of communications from the complainant, for telegraph and telephone toll charges on messages addressed to him, and for drawing and submitting samples required by section 101.79, including such traveling expenses, if any, incurred in accordance with the fiscal regulations of the Department as the Chief of the Bureau may deem proper, shall be borne by the complainant in the appeal in connection with which such expenses were incurred.

**101.83 Advance deposit by complainant.**—If required by the cotton examiner or board of cotton examiners by whom the appeal is heard, the complainant shall make an advance deposit to cover the expenses payable by him under section 101.82. Such deposit shall be in an amount fixed by the cotton examiner or board of cotton examiners, and shall be in the form of a check, certified if required by the Chief of the Bureau, or a post-office or express money order, payable to the order of the Treasurer of the United States. As soon as possible after the determination of an appeal in connection with which any such advance deposit shall have been made, the Chief of the Bureau shall furnish the Treasurer of the United States with a statement of the expenses, if any, chargeable against such advance deposit. Thereupon the Treasurer of the United States shall return to the person making the advance deposit as much thereof as shall not be required for the payment of such expenses.

**101.84 New warehouse receipt.**—Upon demand by the lawful holder of a receipt for cotton involved in an appeal under sections 101.75 to 101.85, the licensed warehouseman shall surrender to such holder the original cotton appeal certificate issued in such appeal, and, if the grade or other class shown by such certificate be different from that shown by the receipt, shall, upon the return of the old receipt, issue a new receipt stating the grade or other class shown by such cotton appeal certificate.

**101.85 Disposition of samples.**—Samples submitted in appeals under this regulation may be used for the purposes of the Department or disposed of in accordance with the property regulations of the Department, and the proceeds, if any, covered into the Treasury of the United States as miscellaneous receipts, or may, at any time, in the discretion of the Chief of the Bureau, be returned to the complainant at his expense.

## MISCELLANEOUS

**101.86 Bonds required.**—Every person applying for a license, or licensed, under section 9 of the act, shall, as such, be subject to all portions of these regulations, except section 101.5, so far as they may relate to warehousemen. In case there is a law of any State providing for a system of warehouses owned, operated, or leased by such State, a person applying for a license under section 9 of the act, to accept the custody of cotton and to store the same in any of said warehouses, may, in lieu of a bond or bonds complying with sections 101.11 and 101.12, file with the Secretary a single bond meeting the requirements of the act and regulations, in such form, and in such amount not less than \$5,000, as he shall prescribe, to insure the performance by such person, with respect to the acceptance of the custody of cotton and its storage in the warehouses in such system for which licenses are or may be issued, of his obligations arising during the periods of such licenses, and in addition, if desired by the applicant, during the periods of any renewals or extensions thereof. In fixing the amount of such bond, consideration shall be given, among other appropriate factors, to the character of the warehouses involved, their actual or contemplated capacity, the bonding requirements of the State, and its liability with respect to such warehouses. If the Secretary, or his designated representative, shall find the existence of conditions warranting such action, there shall be added to the amount of the bond so fixed, a further amount, fixed by him, to meet such conditions.

**101.87 Publications.**—Publications under the act and the regulations shall be made in such media as the Chief of the Bureau may from time to time designate.

**101.88 Information of violations.**—Every person licensed under the act shall immediately furnish the Bureau any information which comes to the knowledge of such person tending to show that any provision of the act or the regulations has been violated.

**101.89 Procedure in hearings.**—For the purpose of a hearing under the act or these regulations, except with respect to appeals, the licensee involved shall be allowed a reasonable time, fixed by the Secretary or his designated representa-

tive, within which affidavits and other proper evidence may be submitted. If requested by the licensee within such time, an oral hearing, of which reasonable notice shall be given, shall be held before, and at a time and place fixed by the Secretary or his designated representative. The testimony of the witnesses at such oral hearing shall be upon oath or affirmation administered by the official before whom the hearing is held, when required by him. Such oral hearing may be adjourned by him from time to time. After reasonable notice to all parties concerned, the deposition of any witness may be taken at a time and place and before a person designated for the purpose by the Secretary or his designated representative. Every written entry in the records of the Department made by an officer or employee thereof in the course of his official duty, which is relevant to the issue involved in a hearing, shall be admissible as prima facie evidence of the facts stated therein without the production of such officer or employee. Copies of all papers and all the evidence submitted or considered in such hearing shall be made a part of the records of the Department. The records and, when there has been an oral hearing other than by the Secretary, the recommendation of the official holding such oral hearing shall be transmitted to the Secretary, or his designated representative, for consideration. Each party shall pay all expenses contracted by him in connection with any hearing under this section.

**101.90 One document and one license to cover several products.**—A license may be issued for the storage of two or more agricultural products in a single warehouse. Where such a license is desired, a single application, inspection, bond, record, report or other paper, document or proceeding relating to such warehouse, shall be sufficient unless otherwise directed by the Chief of the Bureau.

**101.91 Assets and bond; combination warehouses.**—Where such license is desired, the amount of the bond, net assets, and inspection and license fees shall be determined by the Chief of the Bureau in accordance with the regulations applicable to the particular agricultural product which would require the largest bond and the greatest amount of net assets and of fees if the full capacity of the warehouse was used for its storage.

**101.92 Amendments.**—Any amendment to, or revision of, these regulations, unless otherwise stated therein, shall apply in the same manner to persons holding licenses at the time it becomes effective as it applies to persons thereafter licensed under the act.

## UNITED STATES WAREHOUSE ACT

[39 United States Statutes at Large, page 486, as amended July 25, 1919, February 23, 1923, and March 2, 1931]

That this Act shall be known by the short title of "United States Warehouse Act."

SEC. 2. That the term "warehouse" as used in this Act shall be deemed to mean every building, structure, or other protected inclosure in which any agricultural product is or may be stored for interstate or foreign commerce, or, if located within any place under the exclusive jurisdiction of the United States, in which any agricultural product is or may be stored. As used in this Act, "person" includes a corporation or partnership or two or more persons having a joint or common interest; "warehouseman" means a person lawfully engaged in the business of storing agricultural products; and "receipt" means a warehouse receipt.

SEC. 3. That the Secretary of Agriculture is authorized to investigate the storage, warehousing, classifying, according to grade and otherwise, weighing, and certification of agricultural products; upon application to him by any person applying for license to conduct a warehouse under this Act, to inspect such warehouse or cause it to be inspected; at any time, with or without application to him, to inspect or cause to be inspected all warehouses licensed under this Act; to determine whether warehouses for which licenses are applied for or have been issued under this Act are suitable for the proper storage of any agricultural product or products; to classify warehouses licensed or applying for a license in accordance with their ownership, location, surroundings, capacity, conditions, and other qualities, and as to the kinds of licenses issued or that may be issued for them pursuant to this Act; and to prescribe, within the limitations of this Act, the duties of the warehousemen conducting warehouses licensed under this Act with respect to their care of and responsibility for agricultural products stored therein.



SEC. 4. That the Secretary of Agriculture, or his designated representative, is authorized, upon application to him, to issue to any warehouseman a license for the conduct of a warehouse or warehouses in accordance with this Act and such rules and regulations as may be made hereunder: *Provided*, That each such warehouse be found suitable for the proper storage of the particular agricultural product or products for which a license is applied for, and that such warehouseman agree, as a condition to the granting of the license, to comply with and abide by all the terms of this Act and the rules and regulations prescribed hereunder.

SEC. 5. That each license issued under Sections 4 and 9 of this Act shall terminate as therein provided, or in accordance with the terms of this Act and the regulations thereunder, and may from time to time be modified or extended by a written instrument.

SEC. 6. That each warehouseman applying for a license to conduct a warehouse in accordance with this Act shall, as a condition to the granting thereof, execute and file with the Secretary of Agriculture a good and sufficient bond to the United States to secure the faithful performance of his obligations as a warehouseman under the terms of this Act and the rules and regulations prescribed hereunder, and of such additional obligations as a warehouseman as may be assumed by him under contracts with the respective depositors of agricultural products in such warehouse. Said bond shall be in such form and amount, shall have such surety or sureties, subject to service of process in suits on the bond within the State, District, or Territory in which the warehouse is located, and shall contain such terms and conditions as the Secretary of Agriculture may prescribe to carry out the purposes of this Act, and may, in the discretion of the Secretary of Agriculture, include the requirements of fire and/or other insurance. Whenever the Secretary of Agriculture, or his designated representative, shall determine that a previously approved bond is, or for any cause has become, insufficient, he may require an additional bond or bonds to be given by the warehouseman concerned, conforming with the requirements of this section, and unless the same be given within the time fixed by a written demand therefor the license of such warehouseman may be suspended or revoked.

SEC. 7. That any person injured by the breach of any obligation to secure which a bond is given, under the provisions of Sections 6 or 9, shall be entitled to sue on the bond in his own name in any court of competent jurisdiction to recover the damages he may have sustained by such breach.

SEC. 8. That upon the filing with and approval by the Secretary of Agriculture, or his designated representative, of a bond, in compliance with this Act, for the conduct of a warehouse, such warehouse may be designated as bonded hereunder; but no warehouse shall be designated as bonded under this Act, and no name or description conveying the impression that it is so bonded shall be used until a bond, such as provided for in section 6, has been filed with and approved by the Secretary of Agriculture, or his designated representative, nor unless the license issued under this Act for the conduct of such warehouse remains unsuspended and unrevoked.

SEC. 9. That the Secretary of Agriculture, or his designated representative, may, under such rules and regulations as he shall prescribe, issue a license to any person not a warehouseman to accept the custody of agricultural products, and to store the same in a warehouse or warehouses owned, operated, or leased by any State, upon condition that such person agree to comply with and abide by the terms of this Act and the rules and regulations prescribed hereunder. Each person so licensed shall issue receipts for the agricultural products placed in his custody, and shall give bond, in accordance with the provisions of this Act, and the rules and regulations hereunder affecting warehousemen licensed under this Act, and shall otherwise be subject to this Act, and such rules and regulations, to the same extent as is provided for warehousemen licensed hereunder.

SEC. 10. That the Secretary of Agriculture, or his designated representative, may charge, assess, and cause to be collected a reasonable fee for every examination or inspection of a warehouse under this Act when such examination or inspection is made upon application of a warehouseman, and for each license issued to a warehouseman or to any person to classify, inspect, grade, sample, and/or weigh agricultural products stored or to be stored under the provisions of this Act, the Secretary of Agriculture, or his designated representative, may charge, assess, and cause to be collected a reasonable fee. All such fees shall be deposited and covered into the Treasury as miscellaneous receipts.



SEC. 11. That the Secretary of Agriculture, or his designated representative, may upon presentation of satisfactory proof of competency, issue to any person a license to inspect, sample, or classify any agricultural product or products, stored or to be stored in a warehouse licensed under this Act, according to condition, grade, or otherwise and to certificate the condition, grade, or other class thereof, or to weigh the same and certificate the weight thereof, or both to inspect, sample, or classify and weigh the same and to certificate the condition, grade, or other class and the weight thereof, upon condition that such person agree to comply with and abide by the terms of this Act and of the rules and regulations prescribed hereunder so far as the same relate to him.

SEC. 12. That any license issued to any person to inspect, sample, or classify, or to weigh any agricultural product or products under this Act may be suspended or revoked by the Secretary of Agriculture, or his designated representative, whenever he is satisfied, after opportunity afforded to the licensee concerned for a hearing, that such licensee has failed to inspect, sample, or classify, or to weigh any agricultural product or products correctly, or has violated any of the provisions of this Act or of the rules and regulations prescribed hereunder, so far as the same may relate to him, or that he has used his license or allowed it to be used for any improper purpose whatever. Pending investigation, the Secretary of Agriculture, or his designated representative, whenever he deems necessary, may suspend a license temporarily without hearing.

SEC. 13. That every warehouseman conducting a warehouse licensed under this Act shall receive for storage therein, so far as its capacity permits, any agricultural product of the kind customarily stored therein by him which may be tendered to him in a suitable condition for warehousing, in the usual manner in the ordinary and usual course of business, without making any discrimination between persons desiring to avail themselves of warehouse facilities.

SEC. 14. That any person who deposits agricultural products for storage in a warehouse licensed under this Act shall be deemed to have deposited the same subject to the terms of this Act and the rules and regulations prescribed hereunder.

SEC. 15. That any fungible agricultural product stored for interstate or foreign commerce, or in any place under the exclusive jurisdiction of the United States, in a warehouse licensed under this Act, shall be inspected and graded by a person duly licensed to grade the same under this Act.

SEC. 16. That every warehouseman conducting a warehouse licensed under this Act shall keep the agricultural products therein of one depositor so far separate from agricultural products of other depositors, and from other agricultural products of the same depositor for which a separate receipt has been issued, as to permit at all times the identification and redelivery of the agricultural products deposited; but if authorized by agreement or by custom, a warehouseman may mingle fungible agricultural products with other agricultural products of the same kind and grade, and shall be severally liable to each depositor for the care and redelivery of his share of such mass, to the same extent and under the same circumstances as if the agricultural products had been kept separate, but he shall at no time while they are in his custody mix fungible agricultural products of different grades.

SEC. 17. That for all agricultural products stored for interstate or foreign commerce, or in any place under the exclusive jurisdiction of the United States, in a warehouse licensed under this Act, original receipts shall be issued by the warehouseman conducting the same, but no receipts shall be issued except for agricultural products actually stored in the warehouse at the time of the issuance thereof.

SEC. 18. That every receipt issued for agricultural products stored in a warehouse licensed under this Act shall embody within its written or printed terms (a) the location of the warehouse in which the agricultural products are stored; (b) the date of issue of the receipt; (c) the consecutive number of the receipt; (d) a statement whether the agricultural products received will be delivered to the bearer, to a specified person, or to a specified person or his order; (e) the rate of storage charges; (f) a description of the agricultural products received, showing the quantity thereof, or, in case of agricultural products customarily put up in bales or packages, a description of such bales or packages by marks, numbers, or other means of identification and the weight of such bales or packages; (g) the grade or other class of the agricultural products received and the standard or description in accordance with which such classification has been made: *Provided*, That such grade or other class

shall be stated according to the official standard of the United States applicable to such agricultural products as the same may be fixed and promulgated under authority of law: *Provided further*, That until such official standards of the United States for any agricultural product or products have been fixed and promulgated, the grade or other class thereof may be stated in accordance with any recognized standard or in accordance with such rules and regulations not inconsistent herewith as may be prescribed by the Secretary of Agriculture; (h) a statement that the receipt is issued subject to the United States Warehouse Act and the rules and regulations prescribed thereunder; (i) if the receipt be issued for agricultural products of which the warehouseman is owner, either solely or jointly or in common with others, the fact of such ownership; (j) a statement of the amount of advances made and of liabilities incurred for which the warehouseman claims a lien: *Provided*, That if the precise amount of such advances made or of such liabilities incurred be at the time of the issue of the receipt unknown to the warehouseman or his agent who issues it, a statement of the fact that advances have been made or liabilities incurred and the purpose thereof shall be sufficient; (k) such other terms and conditions within the limitations of this Act as may be required by the Secretary of Agriculture; and (l) the signature of the warehouseman, which may be made by his authorized agent: *Provided*, That unless otherwise required by the law of the State in which the warehouse is located, when requested by a depositor of other than fungible agricultural products, a receipt omitting compliance with subdivision (g) of this section may be issued: *Provided, however*, The Secretary of Agriculture may in his discretion require that such receipt have plainly and conspicuously embodied in its written or printed terms a provision that such receipt is not negotiable.

SEC. 19. That the Secretary of Agriculture is authorized, from time to time, to establish and promulgate standards for agricultural products by which their quality or value may be judged or determined: *Provided*, That the standards for any agricultural products which have been, or which in future may be, established by or under authority of any other Act of Congress shall be, and are hereby, adopted for the purposes of this Act as the official standards of the United States for the agricultural products to which they relate.

SEC. 20. That while an original receipt issued under this Act is outstanding and uncanceled by the warehouseman issuing the same no other or further receipt shall be issued for the agricultural product covered thereby or for any part thereof, except that in the case of a lost or destroyed receipt a new receipt, upon the same terms and subject to the same conditions and bearing on its face the number and date of the receipt in lieu of which it is issued, may be issued upon compliance with the statutes of the United States applicable thereto in places under the exclusive jurisdiction of the United States or upon compliance with the laws of any State applicable thereto in any place not under the exclusive jurisdiction of the United States: *Provided*, That if there be in such case no statutes of the United States or law of a State applicable thereto such new receipts may be issued upon the giving of satisfactory security in compliance with the rules and regulations made pursuant to this Act.

SEC. 21. That a warehouseman conducting a warehouse licensed under this Act, in the absence of some lawful excuse, shall, without unnecessary delay, deliver the agricultural products stored therein upon a demand made either by the holder of a receipt for such agricultural products or by the depositor thereof if such demand be accompanied with (a) an offer to satisfy the warehouseman's lien; (b) an offer to surrender the receipt, if negotiable, with such indorsements as would be necessary for the negotiation of the receipts; and (c) a readiness and willingness to sign, when the products are delivered, an acknowledgment that they have been delivered if such signature is requested by the warehouseman.

SEC. 22. That a warehouseman conducting a warehouse licensed under this Act shall plainly cancel upon the face thereof each receipt returned to him upon the delivery by him of the agricultural products for which the receipt was issued.

SEC. 23. That every warehouseman conducting a warehouse licensed under this Act shall keep in a place of safety complete and correct records of all agricultural products stored therein and withdrawn therefrom, of all warehouse receipts issued by him, and of the receipts returned to and canceled by him. shall



make reports to the Secretary of Agriculture concerning such warehouse and the condition, contents, operation, and business thereof in such form and at such times as he may require, and shall conduct said warehouse in all other respects in compliance with this Act and the rules and regulations made hereunder.

SEC. 24. That the Secretary of Agriculture is authorized to cause examinations to be made of any agricultural product stored in any warehouse licensed under this Act. Whenever, after opportunity for hearing is given to the warehouseman conducting such warehouse, it is determined that he is not performing fully the duties imposed on him by this Act and the rules and regulations made hereunder, the Secretary may publish his findings.

SEC. 25. That the Secretary of Agriculture, or his designated representative, may, after opportunity for hearing has been afforded to the licensee concerned, suspend or revoke any license to any warehouseman conducting a warehouse under this Act, for any violation of or failure to comply with any provision of this Act or of the rules and regulations made hereunder, or upon the ground that unreasonable or exorbitant charges have been made for services rendered. Pending investigation, the Secretary of Agriculture, or his designated representative, whenever he deems necessary, may suspend a license temporarily without hearing.

SEC. 26. That the Secretary of Agriculture from time to time may publish the results of any investigations made under Section 3 of this Act; and he shall publish the names and locations of warehouses licensed and bonded and the names and addresses of persons licensed under this Act and lists of all licenses terminated under this Act and the causes therefor.

SEC. 27. That the Secretary of Agriculture is authorized through officials, employees, or agents of the Department of Agriculture designated by him to examine all books, records, papers, and accounts of warehouses licensed under this Act and of the warehousemen conducting such warehouses relating thereto.

SEC. 28. That the Secretary of Agriculture shall from time to time make such rules and regulations as he may deem necessary for the efficient execution of the provisions of this Act.

SEC. 29. That in the discretion of the Secretary of Agriculture he is authorized to cooperate with State officials charged with the enforcement of State laws relating to warehouses, warehousemen, weighers, graders, inspectors, samplers, or classifiers; but the power, jurisdiction, and authority conferred upon the Secretary of Agriculture under this Act shall be exclusive with respect to all persons securing a license hereunder so long as said license remains in effect. This Act shall not be construed so as to limit the operation of any statute of the United States relating to warehouses or to warehousemen, weighers, graders, inspectors, samplers, or classifiers now in force in the District of Columbia or in any Territory or other place under the exclusive jurisdiction of the United States.

SEC. 30. That every person who shall forge, alter, counterfeit, simulate, or falsely represent, or shall without proper authority use, any license issued by the Secretary of Agriculture, or his designated representative, under this Act, or who shall violate or fail to comply with any provision of Section 8 of this Act, or who shall issue or utter a false or fraudulent receipt or certificate, or change in any manner an original receipt or certificate subsequently to issuance by a licensee, or any person who, without lawful authority, shall convert to his own use, or use for purposes of securing a loan, or remove from a licensed warehouse contrary to this Act or the regulations promulgated thereunder, any agricultural products stored or to be stored in such warehouse, and for which licensed receipts have been or are to be issued, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not more than \$10,000, or double the value of the products involved if such double value exceeds \$10,000, or imprisoned not more than ten years, or both, in the discretion of the court, and the owner of the agricultural products so converted, used, or removed may, in the discretion of the Secretary of Agriculture, be reimbursed for the value thereof out of any fine collected hereunder, by check drawn on the Treasury at the direction of the Secretary of Agriculture, for the value of such products to the extent that such owner has not otherwise been reimbursed. That any person who shall draw with intent to deceive, a false sample of, or who shall willfully mutilate or falsely represent a sample drawn under this Act, or who shall classify, grade, or weigh fraudulently, any agricultural products stored or to be stored under the provisions of this Act, shall be deemed guilty of a misdemeanor, and upon conviction thereof fined not more than \$500, or imprisoned for not more than six months, or both, in the discretion of the court.



SEC. 31. That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$50,000, available until expended, for the expenses of carrying into effect the provisions of this Act, including the payment of such rent and the employment of such persons and means as the Secretary of Agriculture may deem necessary in the city of Washington and elsewhere, and he is authorized, in his discretion, to employ qualified persons not regularly in the service of the United States for temporary assistance in carrying out the purposes of this Act, and out of the moneys appropriated by this Act to pay the salaries and expenses thereof.

SEC. 32. That if any clause, sentence, paragraph, or part of this Act shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

SEC. 33. That the right to amend, alter, or repeal this Act is hereby expressly reserved.



